

Town of Bedford Finance Committee

Town Hall, Selectmen's Meeting Room

January 9, 2014

Members in attendance: Rich Bowen, Tom Busa, Stephen Carluccio, Elizabeth McClung, Barbara Perry, Mike Seibert (Chair), Steve Steele, Ben Thomas.

Others in attendance: Jeff Cohen, *Planning Board Chair*; Marya Dantzer, *reporter for The Bedford Citizen*; Margot Fleischman, *Selectman*; Glenn Garber, *Planning Director*; Victor Garofalo, *Director of Finance and Collector/Treasurer*; Sandra Hackman, *Planning Board*; Brad Hafer, *School Committee*; Shawn Hannegan, *Planning Board*; Amy Lloyd, *Planning Board*; Bill Moonan, *Selectman Chair*; Lisa Mustapich, *Planning Board*.

Planning Budget Presentation: Planning Board Chair Jeff Cohen introduced the subject of the Planning Department's FY15 budget by referring to the Comprehensive Plan (CP), now being finalized. While a part-time consultant was contracted to do the document's formatting, the tasks of gathering the information for the Plan and crafting the document were largely done in-house, a departure from common practice that Planning Director Garber said saved taxpayers at least \$100,000. The example of a recent Comprehensive Plan in Acton was given. There, three, full-time planners are on staff but the town spent \$150,000 on outside consultation to produce Acton's plan.

Mr. Cohen expressed pride in the resulting document, calling it "thorough and professional" adding that it "represents thousands of hours" of work. He thanked Town boards and committees, the administrative staff of the Planning Office, the ad hoc committee, at-large citizens who participated in the process, and his fellow Planning Board members, current and past.

Cohen said final written comments about the Plan will be accepted until Jan. 17, 2014. Public meetings will be held in late January/early February with the goal of final adoption by the Planning Board in late February. After adoption, Cohen said the next step will be to "get to work" implementing the action items: 24 of the action plans call for the Planning Board to take the lead role; 16 require the Board to assume a secondary role.

Mr. Steele asked Mr. Cohen to identify the Plan's top initiatives. Mr. Cohen replied that rewriting the industrial mixed-use overlay zoning bylaw was a clear priority. Additionally, he emphasized that the town is now 95% built-out, leaving little room for new development. This scarcity of undeveloped land has ushered in an era of re-development; new zoning rules will be needed to remove or alter current restrictions on how older properties— commercial/industrial and residential—can be updated so they will be attractive in today's market.

Areas where studies will be done before recommending zoning bylaws updates include height limitations in the commercial/industrial areas and permitted density. Additionally, Mr. Garber identified the Great Road commercial strip as requiring deeper analysis.

The proposed studies will also be done in-house. Mr. Garber noted that many of the

commercial/industrial buildings are “functionally obsolescent” and need redevelopment to be appealing to prospective businesses. Those businesses, in turn, would widen the commercial tax base and help Bedford rebalance the tax burden that has lately shifted from commercial/industrial properties to residential properties. Mr. Cohen remarked that Mr. Garber and Assistant part-time Planner Catherine Perry have provided a high level of tech support to applicants and brought a deeper level of analysis to planning that has been useful to the Board, the Town, applicants, and the public.

Recent areas of progress include bringing the Planning Office into the modern age. Now, electronic filing makes site plans and other information available by email and on the Planning web page. Additionally, Planning now has a presence on Facebook, a way of providing public updates.

Mr. Garber added that Planning has also dealt with “troubled” or abandoned projects and has worked with developers to either put projects back on track or compensation to the Town.

As a consequence of the substantial number of CP action items and the added levels of outreach and technical support, Planning requests an additional \$11, 503 higher than the FinCom guideline. These additional funds would increase Assistant Planner Catherine Perry from 24 hours to 40 hours weekly. Since Ms. Perry is already eligible for benefits, that category of staffing costs would not increase. Because \$8,500 remains in the FY15 budget from FY14’s allocation for CP consultant fees – no longer needed since the Plan is complete— it was pointed out the actual amount of Ms. Perry’s additional salary is \$20,003.

Mr. Garber said that for this relatively small increase, the Town would get “extraordinary service.” He provided a document listing the permitting load and stated that each permit requires multiple Planning Board meetings as well as Planning Office support when the applicant doesn’t know how to navigate the application process. To illustrate the level of complexity in the Planning process, Ms. Hackman reported that Police, Fire, Code Enforcement, Public Works, and Conservation weigh in on each application. The Office coordinates all the information and writes “very detailed” memos so that all concerned understand the issues associated with individual projects.

Ms. McClung questioned how the soon-to-be hired Economic Development Officer would fit with the Planning Office. Mr. Garber replied that the Office would work “hand-in-hand” with the Economic Developer but work under the Town Manager. The new hire would not offset Planning’s workload.

Mr. Steele noted the revenue line in the Planning budget, asking if the figure came from permitting fees and if the funds went into the General Fund. Mr. Garofalo answered both queries in the affirmative, adding that the revenue line item for 2014 was an estimate since the year was not yet complete.

Mr. Steele asked what work was dropped because of the CP, saying that the additional 16 hours a week proposed for Assistant Planner Perry seemed like “a lot of time.” Mr. Garber replied that, in his estimation, the additional time wasn’t substantial, given the studies that need to be done. He added that that professional development to keep Planning staff up to date had to be set aside due to lack of time during the CP process.

Ms. Hackman said that the impact of doing the Plan in-house has been considerable on the staff and that Mr. Garber in particular has worked many hours more than can reasonably continue.

Mr. Steele asked what the goal of the re-zoning studies would be and what would happen if they weren't done. Mr. Cohen answered that Bedford's zoning laws are outdated and that concerns in the commercial/industrial areas are critical to the vitality of Bedford's commercial/industrial and business districts.

Ms. Perry of the Finance Committee praised the thorough detail of the CP and asked for a description of Planning's day-to-day work, other than the work done on the CP.

Mr. Garber listed subdivision applications, site plan reviews and the untangling of difficult or troubled proposals. He added studies to the list, saying that the Great Road commercial strip needs a deeper evaluation, that its "classic 60's era" design is outmoded and unattractive.

Ms. Lloyd of the Planning Board added that the level of work now being done in the Planning Office is "the difference between being reactive and proactive" and that Bedford needs to be more successful in competing with other towns in which businesses are choosing to locate.

Mr. Bowen complimented the CP for its ambition. He added that restoring the viability to the commercial/industrial areas is crucial to avoid repeated 5% residential tax increases year after year. He noted the amount of work that goes into coordinating the various departments involved in site reviews and permitting, as well as the many steps that will go into re-writing zoning bylaws to get them passed by Town Meeting. Keeping an eye on what other towns are doing as well as keeping abreast of Bedford's concerns is "a huge amount of work." Mr. Bowen asked what would happen if a big project came along. How would the work be handled?

Mr. Garber replied it would not be inconceivable to come back to FinCom for additional, temporary funds to hire a consultant in the event of a huge project. The intent, however, is to minimize the potential for these kinds of requests by staffing the office adequately. Ms. Hackman said there is the possibility of outside funds for certain projects of interest to the Metropolitan Area Planning Commission (MAPC). It is too late for the current round of grants but Planning expects to submit applications in the future.

Mr. Busa referred to Mr. Garofalo's memo dated December 31 addressed to the heads of non-Selectmen departments regarding merit reductions within their budgets pending Town Meeting approval. The Planning department merit amount is listed as \$5,135. Mr. Busa asked, given the potential for additional Planning staff hours, would the amount be more like \$6,000. Mr. Garofalo replied that merit amounts are based on current staffing, not on potential future staffing but the number would be adjusted once additional staff hours are approved. Mr. Busa said this raised the FinCom Planning Department guideline closer to \$181,000 rather than the \$176,798.41 currently listed.

Mr. Busa said the new CP seemed to be a departure from previous Planning Board initiatives in its high level of detail, better sense of organization, and its movement away from asking businesses to invest in

things like bike paths, bike racks, and showering facilities. He said that decisions made by the Planning Board affect tax bills and impact schools, police, and fire departments. The changes on Middlesex Turnpike have had large effects on other municipal department budgets and Mr. Busa hoped the Planning department understood the connection.

Mr. Garber said it is a common misconception that the three multi-family developments on Middlesex Turnpike are all results of Planning Board decisions. Two of them were brought in under 40B over which the town's Zoning Board of Appeals had no control because, at the time, Bedford didn't have the state-mandated 10% inventory of affordable housing. Only one of the three— the Village at Taylor Pond —was permitted through the Planning Board's industrial mixed-use process.

Mr. Cohen stated the Planning Board is very aware of development's impacts to the town. He said that the Board encourages one-bedrooms or studios rather than two or more bedroom units. The large influx of students recently affecting the schools is the result of move-ins to single-family houses and generational housing turnover.

Mr. Garber said his Office is putting together new data on this phenomenon right now. Between 2000 and 2014, there were 299 new single-family/ detached homes built, either in subdivisions or in approval-not-required (ANR) lots. The number of bedrooms those kinds of houses commonly have are numerous, generating a lot of school children. In the same period, there were 122 teardowns/replacement houses of older, more modest homes.

Ms. Hackman added that the past Planning concern of reducing the number of business employee-related vehicle trips remains an issue the business community itself is trying to address, in part by forming a transportation management coalition. She pointed to a similar coalition that was created for the businesses along 128. Addressing the traffic problem is crucial, she said, especially as the business sector rebounds adding more vehicles.

Ms. Hackman said the mixed-use industrial bylaw has been really important along Middlesex Turnpike. Although more housing resulted in the area than was intended, there are also other amenities such as a pre-school and restaurants. Better balance is needed but she added that businesses want housing for their employees and that there's a housing shortage, regionally. She reported that the Planning Board does a fiscal analysis of the impact of new proposals that shows income from development versus cost of town services.

Mr. Thomas said that in his opinion, the Planning Board does a great job and is critical to the town. However, Town revenue grows by 3% annually and if one department gets more than the guideline, it comes out of another department's pocket. It's challenging to give everyone what they say they need.

Mr. Garber pointed to a handout document that shows nearby towns' Planning staff numbers. Bedford's population of 14,100 and area of 13.9 sq. miles has 1 full-time planner, 1 part-time planner and a full-time admin assistant. Examples of other towns include Burlington (pop. 24,498/ 11.8 square miles) with 3 full-time planners and 2 full-time admin assistants. Concord also has 3 full-time planners and 2 admin

assistants (pop. 17,668/ 24.9 sq. mi.) as does Acton (pop. 21,924/20.0 sq. mi.) Stow, with a lower population of 6590 and 17.6 sq. mi. in area has 2 full-time planners and 1 full-time admin assistant.

Mr. Steele asked if the schools were considered in the CP. Mr. Garber said that schools are included in the "Facilities" category because capital requests for schools come via that source. Mr. Steele asked if the number of school children from developments is always higher than expected. Ms. Hackman replied that Avalon Bay was the first 40B and the number of school children was indeed higher than originally calculated. Since then, Planning has based estimates on past experience rather than on theoreticals.

Ms. McClung asked what happened to the Caesar Jones development originally planned as a 55+ community, pointing out that it resulted in a number of unexpected school children. Mr. Cohen said the development didn't turn out to be marketable as a 55+. Ms. Hackman added that the market doesn't like the concept, in part because property heirs don't like dealing with restrictions. In general, towns have moved away from the concept.

Mr. Garber reiterated that the Planning Board is very sensitive to community concerns about school-age children. Between 2002 and 2007, 433 units came in with 40B projects. The total number of added units, however, is closer to 500 because of private developments over which the Planning Board had no control (ANRs). The 40B's are largely the reason the percentage of affordable housing inventory went from 4.8% to 13.3% to over 18% and is now about 16%.

Mr. Busa asked what would happen today if a 40B development tried to come in to town. Mr. Cohen replied that the Zoning Board of Appeals would handle it but the project might not be rejected out of hand. Approval or rejection would depend on whether the proposal was advantageous to the town. Having over 10% affordable housing allows the ZBA the option to decide without having its hands tied. Bedford's affordable inventory consists of not only 40Bs but also housing units like those at the VA as well as group home bedrooms.

Mr. Carluccio said, given the high priority of the need and the low amount of the request, he would have a hard time not supporting additional funds to increase the assistant planner to full-time.

Mr. Thomas asked whether it was likely that the Coast Guard housing would become available in the near future and, if so, how that would impact Planning's workload. Mr. Cohen said the Selectmen and the Town Manager are the point people on the Coast Guard initiative. Selectman Fleischman reported that the process of decommissioning the property is "slow and obscure." There is a hierarchy of groups to whom the property will be offered for sale, starting with other branches of the military and federal government, then the state, then the town or private developers. So far, the housing hasn't yet entered the dispersal pipeline although it is possible will be made this year. In the meantime, concerns remain about the property that stands vacant.

Mr. Cohen added that Bedford Housing Authority Chair Gene Clerkin offered to organize a public discussion to gather input and ideas for how the property would be most beneficial to the town.

FinCom Chair Mike Seibert concluded the Planning Board portion of the meeting, saying he appreciated the show of support demonstrated by the attendance of all members of the Planning Board. He added that the Committee will consider Planning's request; however, this year, unlike prior years, the financial guideline was set using the actual Free Cash number rather than a conservatively estimated Free Cash number. This gives FinCom less flexibility to adjust department budgets based on requests. In the coming month, Town departments will continue to present their budgets and FinCom will try to balance all demonstrated needs.

Model 2.3

Mr. Garofalo directed the Committee to page 11 of the current financial model, specifically the unallocated \$38,092 on the FY14 merit pay line. This unused merit amount is due to staffing changes, specifically the difference between the merit amount associated with former Director Rich Warrington's salary, as the top of the pay scale due to longevity, and the merit amount associated with the new Director Roy Sorenson's salary.

Mr. Garofalo said that when the guidelines were set, the assumption was that the merit figure would be allocated in full but \$38,092 is not needed. It will not merely fall into Free Cash; it will have to be re-allocated.

The new merit article amount for FY15 is \$148,625, covering all Town departments other than Schools. This figure does not include the additional \$38,092 from FY14. FinCom can discuss whether or not the FY15 merit figure will decrease but then absorb the FY14 surplus.

Looking at the Selectmen's budget in the model on page 5, Mr. Garofalo noted that although the allocation for the Selectmen was originally \$449,323, the total was reduced to \$321,974 in deference to \$38,092 surplus. Within that \$321,974, money has been set aside for contract agreements not yet settled.

Discussion about Planning's budget vis-à-vis the model focused on the \$8,900 in the FY14 budget for the Comprehensive Plan consultant that remains in the FY15 budget even though the Plan is finished and the consultant no longer under contract. If the additional \$8,900 is now "baked in" to Planning's budget, the department can, without additional funds, increase the Assistant Planner's hours from the current 24 to 30 ½. Mr. Thomas noted that the \$11,503 requested in the evening's Planning budget presentation equals about 9 additional hours.

Mr. Garofalo concurred, saying that on July 1, 2014—because of the \$8,900—the Assistant Planner's hours will increase to 30 ½ hours. Financial model 2.4 will show the \$8,900 moved into Planning's salary line, rather than in the currently separated Comprehensive Plan line. An adjustment in merit for the additional salary will be made as well.

The Financial Committees' Reserve Fund increased to \$609,280 in order to cover potential school transportation costs for the homeless student population. No additional snow removal funds are yet needed.

Mr. Busa asked why the FY15 merit number is slightly above (~\$1,000) what it was in FY15 if FinCom knows already less money is needed because of Rich Warrington's retirement. Mr. Garofalo said that Town Manager Reed has returned the unused \$38, 093 as surplus so that the DPW's budget is not "artificially inflated" by that amount. As the budget cycle matures, the rightful place for the surplus number will be better understood and adjustments made accordingly.

It was noted that, historically, it doesn't matter if a department loses a long-term employee, the salary line item "never goes down." Several Committee members argued that the DPW salary line, for example, should have decreased because of the difference between Director Warrington's salary and Director Sorenson's salary. To illustrate what might happened to salary surpluses, Mr. Garofalo cited the Finance department's recent salary surplus that was re-allocated to the Selectmen to hire the new Economic Development officer.

With regard to the merit pay article, Mr. Garofalo noted that it is tentative and could change after it is presented to the Selectmen, before their presentation to FinCom.

Historical Information on Budget Trends, FY03-FY14:

Mr. Garofalo provided a document showing the total change and average percentage change per year in department budgets. He said he will also calculate what the dollar amounts are and distribute that information.

Some notable spikes include when the set annual amount for road resurfacing was added to the Selectmen's budget. Over a ten-year period, the average increase in the Selectmen's budget was 2.97%. Mr. Garofalo said that the Selectmen's budget goes up and down because it is where the reserve is held for contractual agreements in process.

The 5.35% increase in the Planning department was attributed to raising the admin assistant from part-time (25 hours/wk.) to full-time. Additionally the part-time Assistant Planner was added.

Fixed categories, such as insurance and benefits, have increased 167.12% (8.53% per year) in the ten-year period. Mr. Carluccio asked what percentage of that total was for Schools. Of the health insurance line item, Mr. Garofalo said Schools constituted 44.2%, adding that 20% was for the Town employees, 25% for retirees, and the remaining percent in the HRE category (shared between Town and School departments.) The health insurance portion of the budget will go down this year because it's the 3rd year of the GIC.

Debt service has increased 4.33% per year. It dropped in FY14 and will continue to drop unless the town adds more debt. In FY12 there was a spike due to the high school project coming online. In FY14 there was a 29% spike when the middle school and DPW debt service payments began.

Overall, the Town operating budget has increased an average of 4.3% per year. It was noted that the FY 13 operating budget "held firm" (a 1.81% increase.) Mr. Steele noted the School department budget went down I FY12. Mr. Garofalo said he believed this was the year much of the SPED program was brought in-house.

Some of the ups and downs of departments such as Assessors, Board of Health, and Planning were attributed to retirements, new hires and increases of staff time from part- to full-time. In smaller department where salary constitutes much of the budget, a single difference in payroll can amount to a large percentage change.

Mr. Garofalo pointed out that the Selectmen's budget includes pay for the consultant who helps the Town negotiate for increased compensation for Hanscom student education.

Mr. Garofalo said, now that he has organized information in this format, he would continue to provide information so that FinCom can analyze department budgets in this way.

Trust Funds and Special Funds/ Accounts :

Referring to the trust fund analysis document provided, Mr. Garofalo stated that each fund has a specific use and can only be used for certain purposes. Restrictions also exist in many cases about how much of a fund can be used and how much must remain in the account. The trustee of the funds is the Town Treasurer.

The details of various accounts were discussed with attention paid to the Cemetery Improvements, a fund into which money is deposited from the sale of cemetery plots. The money is used for perpetual care of the Shawsheen Cemetery, even though the Town currently expends resources for annual cemetery upkeep through the Public Works department. The Cemetery Fund is not now charged for this maintenance, although funds for this purpose from the account used to be diverted to the General Fund—between \$80,000 to \$100,000 a year. The practice was discontinued several years ago because the account was being overly depleted. Mr. Busa recalled the decision to discontinue paying out of the fund, saying it was made to allow the fund time to replenish and was based on an articulated need of cemetery expansion.

Mr. Garofalo said, given the number of funds and amounts in them, Committee members should submit specific questions to him and he will provide the answers at a subsequent meeting. In response to a question from Mr. Bowen, Mr. Garofalo said the fund investment is pooled and more aggressively than the General Fund moneys. The investment is a pooled, not individual, investment. The trust fund document as presented does not represent the full fiscal year and only covers through 11/30/13.

Mr. Bowen asked whether the Town follows the 5% rule of endowment use. Mr. Garofalo said that some funds like the Cemetery Fund are governed by Mass. General Law and others have specific stipulations that guide how the funds can be used.

A health claims trust fund (balance \$672,211.31)—a self-funded account for retirees—is now not needed as originally intended. Mr. Garofalo said it could be re-allocated to something like OPEB. After consulting with Town Counsel, Mr. Garofalo and Town Manager Reed are working with labor counsel to see look at options. It is uncertain whether the Selectmen can approve a decision about the fund or if it would have to go through Town Meeting.

There are 22 various Library trust funds totaling \$725,978.06. Mr. Garofalo has told Library Director Richard Callaghan to be prepared to answer questions about these funds when the Library budget comes before FinCom.

As for the Police funds, the DEA fund (balance \$129,001.49) is derived from drug cases. The fund is periodically audited by the DEA; the money “cannot be used to supplant the budget.” It is utilized for “police control and prevention.”

The Goodwin Fund (\$72,583.28) under the Recreation department can only be used for relief of needy families. Under School Funds, the Mudge Fund (\$222,641.04) can only be used for sports and school recreation needs. The press box, a capital project not given priority ranking by CapEx, might be an eligible use of Mudge funds; however the Schools have so far been unwilling to use the money for this purpose. Mr. Hafer, representing the School Committee, clarified that only the principle can be used from this 100 year-old bequest. FinCom pointed out that the principle was small, originally, and if the interest is not regularly used, the money “just sits there.” Mr. Carluccio said that he was not singling out the Mudge Fund in this regard; the same is true of the interest from the other trust fund accounts.

Bedford Municipal Affordable Housing Trust account totals \$168,801.81. Question arose as to whether these funds could have been used to replace windows at Ashby Place recently approved for Community Preservation funding. It was pointed out that a certain percent of CP funds must be used for affordable housing otherwise that money also just sits there.

Mr. Garofalo will provide additional information about who controls the decisions about the disbursement of the individual funds.

Moving to Grants and Special Accounts, Mr. Garofalo pointed to the FEMA account, currently with a total of \$ 27,529. FEMA reimburses the Town for storm-related damages but the money is first spent “out-of-pocket.” Such negative balance accounts are called “reimbursable grants.” In order to spend the money you have to first get the grant approved.

The Town’s auditors will present to the Selectmen on Monday, January 13. Part of the presentation will include School revolving funds. The management letter from the auditors includes the recommendation for better oversight of School revolving funds and the cleaning up of loose ends, such as a “Drug Free School” account from 1998. Mr. Garofalo and Mr. Coelho are committed to “squaring these accounts.”

Monies under the Selectmen’s category titled “Village at Bedford Woods” and “Criterion Municipal Services Study” are funds created during the Planning process to study the impact on town services of new developments. At the time, the research was paid for out of the General Fund rather than from the special funds. Mr. Garofalo said these leftover funds will be closed out with the balance reverting, ultimately, to Free Cash. FinCom will see the result of this housecleaning in next year’s budget.

Mr. Garofalo said the project of looking into these funds and grants has been instructive. The Financial offices now have a clear understanding of loose ends that need to be addressed. He will supply FinCom

with a full accounting of the cumulative fund total balance and he will send the fund accounting to each department so that they are prepared to answer questions regarding their fund accounts as they present to FinCom.

Old Business:

Mr. Thomas said he is seeking a deeper response from Superintendent Sills to the question of why the Town provides wireless capacity for multiple devices for each student at the high school. Mr. Busa agreed. Mr. Garofalo and Mr. Hafer made note of this and said they would pass the request along to the Superintendent.

Meetings attended:

Mr. Steele attended the January 7 School Committee meeting and reported that the School Committee is looking at ways to cut their proposed budget: cost of living increases in the new teachers' contract, the Foreign Language program at Lane School, proposed class size-based hirings. Mr. Hafer added that some of the identified cuts were "no brainers" like \$150,000 from the CASE SPED program reconfiguration.

Mr. Thomas attended the Selectmen's meeting on January 6. The amount of money allocated to capital projects continues to be questioned. Using the new VFA system to rank projects has not yet been perfected but the question has arisen regarding how the human-based rankings compare with the computer-generated ranking.

Ms. Perry said the benefit of using the computer-based system is that all the town assets are together in one, large database. There is some distance to go before the system is used optimally, but the major job of inputting all the information is complete. What remains to be done is to standardize how different departments prioritize their rankings.

Ms. Perry said that another step that should be done is to change the criteria by which projects are evaluated. Now that the system is more familiar to everyone, larger changes—as well as small tweaks—can be made. Ideally, forecasting the needs ahead will be possible—although additional projects will always be a factor.

Ms. Perry made a motion to approve the minutes of December 19 as amended and Mr. Bowen seconded. The vote was 7-0-1 in favor.

A motion to adjourn the meeting was made by Mr. Steele, seconded by Mr. Carluccio. The vote was 8-0-0 in favor.

Respectfully submitted,

Kim Siebert, FinCom Recording Secretary